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FISCAL IMPACT STATEMENT

LS 6659

BILL NUMBER: SB 195

NOTE PREPARED: Dec 23, 2011

BILL AMENDED:

SUBJECT: Insurance Coverage for Diagnostic Mammograms.

FIRST AUTHOR: Sen. Waltz

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits dollar limits, deductibles, copayments, or coinsurance for certain diagnostic mammograms under a state employee health plan, a policy of accident and sickness insurance, or a health maintenance organization contract, that are less favorable than those allowed for breast cancer screening mammography.

The bill requires the Department of State Personnel to request written guidance from the federal Internal Revenue Service (IRS) concerning the status of an annual diagnostic mammogram as "preventive care" under Section 223(c)(2) of the Internal Revenue Code (for purposes of determining whether a deductible under a high deductible health plan is not required).

Effective Date: Upon passage; July 1, 2012.

Explanation of State Expenditures: This bill will increase the workload of the Department of State Personnel (SPD) to petition the IRS for guidance concerning the status of an annual diagnostic mammogram as preventive care. This requirement is expected to be performed with current resource and staffing levels.

Per federal guidelines, preventive health services can only be covered at 100% first-dollar coverage. Under the bill, the state employee health plan will be required to provide 100% first-dollar coverage for diagnostic mammograms, except if the plan is a high deductible health plan where the IRS does not consider a diagnostic mammogram to be preventive care. The SPD reports that the provisions of the bill will affect only the traditional PPO health plan option of the state employee health plan. The SPD estimates including diagnostic mammograms at 100% first-dollar coverage would increase annual premiums of the state's traditional PPO health plan option by 0.3%.

For CY 2012, the state will contribute \$5,110 and \$14,805 for the traditional PPO health plan option per year for single and family health plan coverage, respectively. Additionally, for CY 2012, state employees will be required to contribute \$3,933 and \$9,786 for the traditional PPO health plan option per year for single and family health plan coverage, respectively, resulting in a total annual premium of \$9,043 and \$24,591 for single and family coverage, respectively. The increase of 0.3% is expected to increase annual costs by \$27.13 and \$73.78 for single and family health plan coverage, respectively.

This increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would cover added costs or pass the costs on to employees.

Explanation of State Revenues: The bill's requirements will also apply to policies of accident and sickness insurance offered in the state. As a result of this bill, insurance companies who offer policies of accident and sickness insurance will be required to provide 100% first-dollar coverage for diagnostic mammograms. The inclusion of this benefit may increase insurance premiums in the state. To the extent this occurs, the state will receive additional revenue from taxes paid on insurance premiums. Revenue received from the Insurance Premium Tax is distributed to the General Fund. Actual increases in state revenue from insurance premiums are indeterminable.

For FY 2011, the Insurance Premium Tax yielded approximately \$186 M in revenue.

Explanation of Local Expenditures: This bill will affect local government units that participate in the Local Unit of Government (LUG) employee health plan, as well as those local governments that purchase group health insurance independently. LUG participants have the same benefits as state employees, but are part of a separate risk pool. For participation year 2012, there are 12 local units of government participating in the LUG health plan.

The bill will also affect school corporations who are included in the risk pool for the state employee health plans, as well as those school corporations that purchase group health insurance independently.

Any increase in costs experienced by local units and school corporations may not necessarily increase employer expenditures. Actual expenditures will depend on administrative decisions on whether to cover the added annual health plan costs or pass the costs on to employees.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: School corporations; Local units of government.

Information Sources: Christy Tittle, State Personnel Department.

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